

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

February 19, 2010

The following report was presented to the Board of Selectmen on January 14, 2010. Subsequently, the recommended appropriations were revised to reflect a 2% salary and wage increase for non-union employees. This change increased total appropriations by \$7,793. The Committee also added \$5,550 for 3 new items: \$3,000 for support of economic development activities of the Midcoast Regional Redevelopment Authority, \$2,500 to assist the efforts of Carrying Place Assembly and \$50 for the Scouting Association to fund their mooring fee and boat registration.

Modifications were also made to decrease forecasted revenues to \$1,615,000 to reflect a reduction in expected Homestead Exemption payments and to increase the amount of fund balance available to reduce the 2010 tax commitment. The increase in the use of fund balance occurred upon completion of the audit of the Town's financial statements.

The final recommended municipal budget consists of \$4,007,083 to be raised from property taxes and \$101,360 from the use of carryovers. The final LD1 budget target, after adjusting for the changes in non-property tax revenues and use of fund balance, is \$4,064,539. The recommended budget is \$57,456 lower than this budget target.

The Budget Advisory Committee ("BAC" or "the Committee") recommends for 2010 that \$3,993,740 be raised from property taxes and that this amount be supplemented by the use of carryovers of approximately \$100,000. Additionally, the Committee recommends that \$ 600,000 be borrowed for the purposes of funding the Emergency Services Vehicles Account. When combined with the current balance in this account, this borrowing would provide funding for the replacement of 3 vehicles over a 3 year period.

This recommended municipal budget complies with LD1, assuming revenues of \$1,626,000 and use of fund balance of \$200,000.

Summary of 2010 Recommended Appropriations:

	2009	2010
General Government & Employee Benefits	\$715,589	\$719,217
Town Office Departments	\$390,944	\$389,671
Facilities & Insurance	\$159,600	\$139,073
Public Works	\$869,297	\$861,164
Fire & Safety	\$784,342	\$723,854
Social Services, Cultural & Recreation	\$262,525	\$280,761
Debt Service, Special Projects & Capital Items	\$863,994	\$880,000
Total	\$4,046,291	\$3,993,740

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

The recommended appropriations for 2010 are \$ 52,551 or 1.3% below actual appropriations for 2009.

In calculating compliance with LD1, the Committee has used a non-property tax revenue estimate of \$1,826,000 (including use of fund balance) which when added back to the 2010 LD1 Levy Limit of \$2,173,204 results in a 2010 budget target of \$3,999,204. The appropriations to be raised are less than this target.

The recommended appropriations for 2010 include a 1% increase in salaries and wages, except for union employees whose increase is 2%, and reflect no change in the employer/employee shares of the cost of health insurance, except for that of the elected Treasurer. Further, there is no anticipated reduction in service levels.

The 1% increase in non-union salaries and wages was included at the direction of the Board of Selectmen, however, it should be noted that a majority of the Committee believes all employees should receive the same increase.

In the 2008 budget process, the BAC was guided by a premise that long-term capital programs should be funded in a level manner so as to avoid significant swings in the total budget from year to year and to facilitate compliance with LD1. That Committee believed that level appropriations for road improvements and emergency service vehicles could be achieved in the 2011/2012 timeframe when the Town's debt service obligations decline significantly. In the meantime, some combination of raise & appropriate, use of reserves and carryovers, and borrowings would be required. Both the 2009 and the current Committee continued in this vein.

The Committee recommends that each of the fire departments receive \$60,000 in funding for a combination of operations and non-vehicle capital needs. This level of funding is lower than the request of the Cundy's Harbor department, but recognizes the Town's acceptance of the responsibility to fund the vehicle needs of all the departments. The Town has either raised or borrowed \$775,000 for the purchase of emergency services vehicles since 2007. Additionally, the unspent funds in the emergency services consultant account (\$11,421) were transferred to the dedicated emergency services vehicles account and all interest earnings on the funds in this account are retained for this purpose.

With respect to the capital improvement of Town roads, the Committee is recommending a raise and appropriate amount of \$140,000, which would be combined with the carryover balance estimated to be approximately \$100,000. These funds would be used to rehabilitate Abner Point Road and Washington Avenue, both of which are on Bailey Island. The estimated cost of this work is \$251,000. In the event that there is more than \$200,000 of undesignated fund balance available to reduce the 2010 commitment, we recommend that this appropriation be increased.

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

Summary of General Government, including Employee Benefits:

	2009	2010
General Government	\$273,360	\$269,544
Legal	\$40,000	\$35,000
Public Information	\$9,500	\$9,000
Memberships & Dues	\$16,338	\$16,379
Elected Officials	\$117,738	\$118,535
Employee Benefits	\$258,653	\$270,759
Total	\$715,589	\$719,217

The 2010 recommended appropriation for General Government, including Employee benefits is .9% higher than that for 2009. The increase results largely from an 8% increase in health insurance premiums and the expectation that 2 additional employees will elect retirement benefits. These increases are offset in part by reductions in part-time wages and legal costs. The General Government line includes \$1,800 for a disaster recovery response in the event that the Town's Northern Data server crashes or is damaged.

Summary of Town Office Departments:

	2009	2010
Assessing	\$79,972	\$79,865
Codes Enforcement	\$87,598	\$89,135
Tax Collector	\$33,065	\$33,366
Town Clerk	\$49,700	\$47,988
Planner	\$70,920	\$69,960
Committees & Commission	\$4,650	\$4,770
New Meadows River	\$1,000	\$1,000
Treasurer	\$1,750	\$1,750
Harbormaster	\$38,870	\$38,285
Animal Control	\$23,419	\$23,552
Total	\$390,944	\$389,671

Appropriations for Town Office Departments are generally unchanged from 2009.

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

Facilities, including Mitchell Field and Insurance:

	2009	2010
Facility – Building	\$74,250	\$67,650
Facility – Old Townhouse	\$4,500	\$5,000
Town Dock	\$18,250	\$3,250
Town Landings	\$6,000	\$6,000
Risk Management	\$50,600	\$48,673
Mitchell Field	\$6,000	\$8,500
Total	\$159,600	\$139,073

The decrease in the facilities budget reflects lower cost of heating oil, the elimination of energy conservation measures from this line item (moved to special projects) and a reduction in HVAC supplies and the troubleshooting of the system itself. The Town Dock was rehabilitated in 2009 and this line in 2010 includes only normal items. An additional \$2,500 in the Mitchell Field line item is intended to pay for the inspection of certain of the buildings to determine whether they can be rehabbed or require demolition.

Public Works:

	2009	2010
Recycling Center	\$301,750	\$290,888
Transfer Station	\$76,047	\$68,491
Town Roads – maintenance	\$50,000	\$50,000
Snow Removal	\$439,000	\$449,785
Town Roads – Signs	\$2,500	\$2,000
Total	\$869,297	\$861,164

The 2010 budgets for the Recycling Center & Transfer Station reflect lower waste disposal costs determined under the new contract with Eco-Maine. Volumes are expected to remain flat. The snow removal line reflects the lower cost of the new snow removal contract, but it is offset by the change in the payment schedule.

Fire & Safety (excluding emergency vehicles):

	2009	2010
Law Enforcement	\$357,343	\$323,741
Marine Patrol	\$190,999	\$168,113
Fire & Rescue	\$180,000	\$180,000
Fire Wardens	\$2,000	\$2,000

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

Dry Hydrants	\$4,000	\$0
Emergency Service Agent	\$3,500	\$3,500
Advanced Life Support	\$18,000	\$18,000
Street Lighting	\$28,500	\$28,500
Total	\$784,342	\$723,854

Neither the Law Enforcement nor Marine Patrol contracts provides for the purchase of a vehicle in 2010. Additionally, there is a reduction in health insurance costs, as the deputies now pay a portion of their health care costs. A further reduction in the Marine Patrol contract exists because a senior deputy is being replaced by a more junior one. There is a carryover balance of approximately \$15,700 available for dry hydrants.

Social Services, Cultural and Recreation:

	2009	2010
Social Services	\$15,480	\$16,230
General Assistance	\$16,250	\$24,000
Harpswell Historical Soc.	\$2,000	\$2,000
Pejepscot Historical Soc.	\$500	\$500
Memorial Day Observation	\$1,200	\$1,200
HCBC	\$36,500	\$35,000
Curtis Memorial Library	\$116,000	\$119,884
Cundy's Harbor Library	\$13,800	\$13,800
Orr's Island Library	\$13,000	\$13,000
Orr's Island Library Cap'l	10,000	\$15,000
Recreation Programs	\$7,250	\$7,250
Recreation Department	\$30,545	\$29,815
Bailey Island Library Hall		\$2,582
5 Rivers Arts Alliance		\$500
Total	\$262,525	\$280,761

Contributions to social service agencies increased as one agency which received funding in 2009 made no request and the Committee is recommending a \$1,000 contribution to the Midcoast Chapter of the Red Cross. The general assistance line item has been increased in response to economic conditions.

The capital request of the Orr's Island Library is the second installment of a total request of \$50,000. The Committee recommends that this request be funded once donations of \$100,000 from private sources have been made.

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

Bailey Island Library Hall requested funding in an amount equal to the real estate taxes assessed to them by the Town and the Committee is recommending that this amount be raised and appropriated for that purpose.

The 5 Rivers Arts Alliance is a local arts organization which works to “strengthen the viability of the region’s arts & cultural sector and to promote its artists and cultural assets.”

Debt Service, Special Projects and Capital Items:

	2009	2010
Special Projects	\$40,839	\$38,000
Capital Reserves	\$33,000	\$62,000
Capital Roads	\$0	\$140,000
Emergency Vehicles	\$140,000	\$0
Debt Service	\$650,155	\$640,000
Total	\$863,994	\$880,000

Special projects for 2010 include \$20,000 to fund the Sebago Technics proposal to review the provisional FEMA flood maps, \$10,000 for the implementation of energy conservation measures, \$6,000 for the Town’s heating assistance program and \$2,000 for the replacement of failed septic systems.

Additions to capital reserves include \$6,000 for boat & motor replacement, \$25,000 vehicle replacement, \$3,000 vehicle equipment, \$6,000 Town office building, \$12,000 generator and \$10,000 other Town facilities. The addition to the vehicle reserve is intended to provide for a year when 2 deputy vehicles will be purchased. The other Town facilities reserve is new and provides for capital improvements to buildings owned by the Town, excluding the Town office itself. There is no addition to the recycling center reserve which totals approximately \$80,000.

The recommended appropriation for a capital roads project will be combined with a carryover balance of approximately \$100,000. This total could be sufficient to fund the rehabilitation of Abner Point Road and Washington Avenue, which are the Road Commissioner’s highest priorities, however, if the Town’s undesignated fund balance policy allows for the use of more than \$200,000 to offset the 2010 commitment, then this line item should be increased to fund the Road Commissioner’s estimate. Alternatively, only one of these roads may be rehabilitated in 2010.

The Committee is recommending that the Emergency Services Vehicles account be funded by a borrowing sufficient to cover the scheduled purchase of 3 vehicles when

**Town of Harpswell
Budget Advisory Committee**

Recommendation to the Board of Selectmen for 2010

combined with the current balance in the account, approximately \$600,000. The Committee also recommends that the Board consider requesting that an existing or newly-appointed committee which includes the 3 fire and the 3 rescue chiefs review the Emergency Vehicle Capital Plan to determine whether there are any changes to the priorities.

In making these recommendations to the Board of Selectmen, it should be noted that Burr Taylor recused himself from decision-making with respect to matters relating to the fire departments and to the Harpswell Historical Society as he is a member of both the Cundy's Harbor Fire & Rescue and Harpswell Historical Society Board. Linda Hall abstained from the voting on the Disaster Recovery funding. Marguerite Kelly abstained from voting on Employee Benefits.

The Committee appreciates the efforts made by the entire staff in submitting 2010 funding requests which kept spending increases minimal. Kristi, Terri and Linda, as always, provided excellent assistance to the Committee in explaining budget items, answering requests for additional information and keeping the budget review process on track.